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NEW APPLICATION

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Suite 800
1919 Pennsylvania Avenue N.W.
Washington, D.C. 20006-3401

KC Halm
202-973-4287 tel
202-973-4499 fax

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kchalm@dwt.com

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AZ CORP COMMISSIO
DOCKET CONTROL

June 3, 2015

VIA OVERNIGHT MAIL

RECEIVED

Ernest Johnson, Executive Director
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007-2927

JUN 05 2015

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

T-20613A-15-0190

Re: Notification of Indirect Change of Control of Mercury Voice and Data, LLC

Dear Mr. Johnson:

On behalf of Altice S.A., a Luxembourg Société Anonyme ("Altice"), and Cequel Corporation, a Delaware corporation ("Cequel", and together with Altice the "Parties") this letter is to advise the Arizona Corporation Commission ("Commission") that the Parties have entered into a transaction (the "Transaction") whereby Altice will acquire ultimate control of Cequel and its subsidiaries, including Mercury Voice and Data, LLC ("Mercury Voice"), the entity which is certificated to provide facilities-based local and interexchange services in Arizona. The Parties understand that Commission approval is not required for the Transaction, which is described below.

I. BACKGROUND INFORMATION

Mercury Voice was issued a CC&N by the Commission on February 3, 2010 (Decision No. 71480). As projected in its application for such authority, it had less than \$1 million in jurisdictional revenues in 2010. In the most recent fiscal year, 2014, it had less than \$10 million in jurisdictional revenues. No other telecommunications affiliates of Mercury Voice or Cequel currently provide telecommunications service in Arizona, thus they have no revenues in Arizona. Therefore, the Arizona Affiliated Interest Rules, A.A.C. R12-2-801 to R12-2-806, requiring utilities with greater than \$10 million in jurisdictional revenues to obtain prior approval for a change of control and/or an internal reorganization transaction do not apply in this matter. Because the change of control will occur at the parent company level no assets of the regulated utility will be sold, leased, encumbered, or otherwise disposed of by the utility. Therefore, A.R.S. §40-285 does not apply to this transaction. Additionally, because Mercury Voice and Cequel are foreign public service corporations whose physical facilities are used in providing communications services in interstate commerce, the stock transfer is exempt from Commission approval under A.R.S. § 40-301(D).

Arizona Corporation Commission

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The Transaction will not cause any change in the direct ownership or legal structure of Mercury Voice, nor will it affect the company's daily management or operations. Further, Mercury Voice will continue to provide high-quality communications services to its customers without interruption, and there are no existing plans to discontinue any service or to implement any changes in rates, terms, or conditions in connection with the Transaction. Accordingly, the CC&N will continue to be utilized to provide service under existing terms and conditions even though the ultimate ownership and control will change after the Transaction is consummated. This letter is filed for informational purposes only to ensure the continuing accuracy of the Commission's records.

In furtherance of this notice, the Parties provide the following information:

II. THE PARTIES

A. Mercury Voice

Mercury Voice is a U.S. entity formed under the laws of Delaware, as a limited liability company, with principal offices at 520 Maryville Centre Drive, Suite 300, St. Louis, Missouri 63141. Mercury Voice is a wholly-owned subsidiary of Cequel Holdings, which owns and controls 100% of the issued and outstanding equity ownership interests of Mercury Voice. In Arizona, Mercury Voice is authorized to provide resold and facilities-based local exchange and resold and facilities-based long distance telecommunications services pursuant to authority granted by this Commission in Decision No. 71480, issued in Docket No. T-20613A-08-0420 on February 3, 2010. Mercury Voice is also authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services as a non-dominant carrier. Mercury Voice has a \$225,000 performance bond on file with the Commission. Mercury Voice provides telecommunications services solely to business customers.

B. Cequel Corporation

Cequel is a U.S. entity formed under the laws of Delaware, as a limited liability company, with principal offices at 520 Maryville Centre Drive, Suite 300, St. Louis, Missouri 63131. Cequel owns and operates a multi-service communications business which provides cable television, broadband Internet access, and Voice over Internet Protocol ("VoIP") services to residential and commercial subscribers.

C. Altice S.A.

Altice S.A. is a publicly traded holding company that, through its subsidiaries, operates as a provider of fixed and mobile telephony, cable and broadband services in a range of markets throughout the world, including in Western Europe (France, Belgium, Luxembourg, Portugal and Switzerland), Israel, the French Caribbean and Indian Ocean regions, and the Dominican Republic. Altice is widely recognized for its technical, managerial and operational expertise in bringing innovative services to market and for operating in highly competitive environments.

Neither Altice nor its subsidiaries currently holds any Commission authorizations. The acquisition of Cequel will mark Altice's entry into the U.S. market.

III. DESIGNATED CONTACTS

The designated contacts for all correspondence, notices, inquiries, and orders in relation to this notice are:

For Mercury Voice and Cequel:

Craig L. Rosenthal
Dennis D. Moffit
Cequel Corporation
520 Maryville Centre Drive
Suite 300
St. Louis, MO 63141
Tel: (314) 315-9400
Email: craig.rosenthal@suddenlink.com
dennis.moffit@suddenlink.com

For Altice S.A.

Mace Rosenstein
Yaron Dori
Michael Beder
Covington & Burling LLP
One CityCenter
850 Tenth Street, N.W.
Washington, DC 20001
Tel: (202) 662-6000
E-mail: mrosenstein@cov.com
ydori@cov.com
mbeder@cov.com

with copies to:

K.C. Halm
Adam Shoemaker
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, N.W.
Suite 800
Washington, DC 20006
kchalm@dwt.com
adamshoemaker@dwt.com
Tel: (202) 973-4200

IV. DESCRIPTION OF THE TRANSACTION

In its simplest form as it pertains to this Notice, the Transaction will result in Altice acquiring a 70% controlling interest in Mercury Voice (among other Cequel subsidiaries) with the remaining 30% interest held by Cequel's current shareholders. Mercury Voice will otherwise continue to operate under its current name under its current Commission authority and otherwise provide the same services, rates, terms and conditions to its customer base upon the transfer.

More particularly, on May 19, 2015, Cequel and Altice entered into a Purchase and Sale Agreement ("Agreement"), pursuant to which Altice will acquire at least 70 percent of the share capital of Cequel. Prior to consummation, Altice will form a new indirect wholly owned

subsidiary, BidCo US¹, a Delaware corporation directly wholly owned by Altice U.S. Holding II S.à r.l. ("Altice US II"). Upon completion of the proposed Transaction, BidCo US will hold approximately 45% of Cequel's shares acquired from Cequel's current owners in exchange for cash. At consummation, BidCo US will merge with and into Cequel, with Cequel surviving and converting equity interests in BidCo US into common shares of Cequel. In addition, upon completion of the proposed Transaction, Altice US Holding I S.à r.l. ("Altice US I"), a Luxembourg private limited liability company indirectly wholly owned by Altice, will hold approximately 25% of Cequel's shares acquired from Cequel's current owners in exchange for cash. Altice US I wholly owns Altice US II and expects to contribute its equity interests in Cequel to Altice US II shortly after the Transaction is completed. The end result will be, as noted above, that Altice will indirectly hold 70 percent of Cequel's equity, with existing shareholders of Cequel retaining 30 percent of the post-Transaction Cequel. Existing shareholder CPPIB-Suddenlink LP will hold 11.8 percent of Cequel, and BC Partners Group, also existing shareholders, collectively will hold 18.2 percent of Cequel.

V. PUBLIC INTEREST CONSIDERATIONS

The proposed Transaction will serve the public interest. Cequel, doing business as Suddenlink, has a demonstrated record of success as a leader in the provision of high-quality video, broadband, telephony services to residential and/or business customers in seventeen states. Altice, for its part, is a leading provider of communications services (cable television, high-speed broadband Internet and fixed-line telephony) in Western Europe, Israel, the French Overseas Territories and other regions that is committed to network investment and service innovation in its markets. The proposed Transaction will afford Cequel access to Altice's operational expertise, scale and capital resources, which will enable Cequel to accelerate network investment while maintaining a superior level of reliability and customer support. In short, the proposed Transaction will enable Cequel, including Mercury Voice, to continue to develop as a stronger competitor.

Although the proposed Transaction will constitute Altice's first investment in the U.S. market, Altice already has considerable experience as an owner of existing video, telephony, and broadband service providers that will enable it to contribute global strategic insights to Cequel's current and future operations. Indeed, Altice has a demonstrated history of investing in existing video, telephony and broadband service providers and making strategic investments that enhance their value proposition for consumers. In some cases this has manifested itself through investments in network infrastructure, which has resulted in higher broadband speeds for subscribers. In other cases, this has manifested itself through accelerations in existing planned network investment and deployment, bringing improved services to market faster. And in still other cases, it has resulted in the expansion of service offerings, thereby expanding consumer choices and enhancing competition.

Because Altice is deeply involved in the operations of service providers across multiple jurisdictions, it has been able to import its experience from one jurisdiction into another,

¹ This entity may take a different name when formed.

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injecting vitality, innovation and a "new way of thinking" into different markets. For instance, in some of its operating companies, Altice has taken steps to migrate legacy information technology systems to newer platforms, resulting in operational efficiencies and overall improvements to the customer experience. In other cases, Altice has enhanced the customer experience by focusing on the deployment of improved set top boxes that can enable consumers to navigate its panoply of service offerings with greater speed and efficiency. Altice and its operating affiliates also have taken steps in the past to simplify and improve their product offerings so that consumers have a clearer understanding of what they are purchasing and the differences in price points for various service options. The Parties anticipate that Altice will bring these experiences to the U.S. market to enhance the overall operations of Cequel. Again, Altice has no existing interest in any United States communications entity, and thus Altice's investment in Cequel will serve to bolster domestic voice, video, and broadband competition.

Cequel and Mercury Voice, for their part, will continue to be operated by highly experienced, well-qualified management, operational and technical personnel. But at the same time, Cequel and its subsidiaries will have access to the operational and managerial resources of Altice. Post-Transaction management will be able to share best practices and draw upon the substantial combined experience of their respective management teams. Following consummation of the Transaction, Cequel will continue to offer competitive and innovative products at the same rates and on the same terms and conditions as currently provided (subject to future changes pursuant to applicable law and contract provisions), with improvements introduced over time. The Transaction is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer. Indeed, the proposed transfer will not diminish competition in the state in any way or otherwise reduce the number of market participants. Thus, the Transaction will ensure that Mercury Voice is well-placed to continue to offer competitive telecommunications services with the additional resources and support available from Altice.

Respectfully submitted,

Mace Rosenstein
Yaron Dori
Michael Beder
Covington & Burling LLP
One CityCenter
850 Tenth Street, N.W.
Washington, DC 20001
Tel: (202) 662-6000
E-mail: mrosenstein@cov.com
ydori@cov.com
mbeder@cov.com

Counsel for Altice S.A.



K.C. Halm
Adam Shoemaker
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, N.W.
Suite 800
Washington, DC 20006
kchalm@dwt.com
adamshoemaker@dwt.com
Tel: (202) 973-4200

Counsel for Mercury Voice and Data, LLC

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ORIGINAL + 13 copies of the foregoing filed this 3 day of June, 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona, 85007
By Ali Lee